

8051576

533 1583

FIRST AMENDED AGREEMENT AND CERTIFICATE
OF LIMITED PARTNERSHIP

OF

BANNER MINING COMPANY

This First Amended Agreement and Certificate of Limited Partnership (the "Agreement") is entered into this 26 day of JUNE, 1980, by and between Silver Chief Mining Co., Inc. ("Silver Chief"), an Idaho corporation, and National Resources Corporation ("National Resources"), a Texas corporation, as the General Partners, Silver Chief as the Limited Partner holding Class A Units, and James W. and George L. Winans as the Limited Partners holding Class B Units, all of whom desire to amend and restate in its entirety that certain agreement and certificate of limited partnership as entered into by them on May 5, 1980.

The amended and restated Agreement of the Partnership is as follows:

1. Name and Place of Business.

The name of the Partnership is the Banner Mining Company and its principal place of business shall be at 216 W. 3th Street, Boise, Idaho 83701, or such other place or places as the General Partners may hereafter determine.

2. Definitions and Glossary of Terms.

2.1 The following words and terms used with the first letter of such word or term capitalized in this Agreement shall (unless otherwise expressly provided herein or unless the context otherwise requires) have the following respective meanings:

2.1.1 "Affiliate" shall refer to: (i) any person directly or indirectly controlling, controlled by or under common control with another person, (ii) a person owning or controlling 20 percent or more of the outstanding voting securities of such other person, (iii) any officer, director or partner of such person, and (iv) if such other person is an officer, director or partner, any company for which such person acts in any such capacity.

2.1.2 "Agreement" shall mean this First Amended Agreement and Certificate of Limited Partnership, as further amended from time to time.

[Handwritten signature]

[Handwritten signature]

310:062370

533 1584

2.1.3 "Assignee" shall mean a person who has acquired a beneficial interest in Units and a corresponding right to Net Income, Net Loss, and Distributions, but who has not been admitted to the Partnership as a substituted Limited Partner.

2.1.4 "Code" shall mean the Internal Revenue Code of 1954, as amended from time to time, or corresponding provisions of subsequent revenue laws.

2.1.5 "Distributions" shall refer to any cash or other property distributed to the Limited Partners and the General Partners arising from their interests in the Partnership.

2.1.6 "General Partners" shall refer to Silver Chief Mining Company, an Idaho corporation, and National Resources Corporation, a Texas corporation, and to any successors thereto, and reference to a "General Partner" shall be to either of them unless the context shall otherwise require.

2.1.7 "Limited Partners" shall refer to Silver Chief and James W. and George L. Winans, and to any other persons who are admitted to the Partnership as Limited Partners, and reference to a "Limited Partner" shall be to any one of them unless the context otherwise requires.

2.1.8 "Mineral and Mining Rights" shall mean all mineral mining, exploration, and other rights or claims owned, possessed, or claimed by Silver Chief or any officer, director or shareholder thereof which are appurtenant to or associated with what is commonly referred to as the Banner Group of Mines located near Boise, Idaho, all rights of ingress and egress thereto, and all real and personal property and property rights or interests associated therewith or appurtenant thereto, including but not limited to the mining claims set forth on Exhibit A to this Agreement, and as the same may be owned, operated, improved, and sold or otherwise dealt with or disposed of by the Partnership. The term "Mineral and Mining Rights" shall also include timber rights and the right to develop the land which is subject to the rights or claims referred to herein.

2.1.9 "National Resources" shall refer to National Resources Corporation, a Texas corporation, and a General Partner hereunder.

4444

2.1.10 "Net Income" or "Net Loss" shall mean the net income or the net loss of the Partnership, as determined on the accrual method of accounting, as permitted by the Code.

2.1.11 "Partners" shall refer collectively to the General Partners and to the Limited Partners, and reference to a "Partner" shall be to any one of the Partners unless the context shall otherwise require.

2.1.12 "Partnership" shall refer to the limited partnership created pursuant to the terms of this Agreement.

2.1.13 "Silver" shall mean silver bullion having the same degree of purity as the silver bullion commonly referred to on the Handy and Harman price index, as reported in the Wall Street Journal.

2.1.14 "Silver Chief" shall refer to Silver Chief Mining Company, an Idaho corporation, and a General Partner and Limited Partner holding Class B Units hereunder.

2.1.15 "Unit" shall mean an interest in the Partnership which shall entitle the holder thereof to a proportionate share of the Net Income, Net Loss and Distributions of the Partnership, as set forth in Paragraph 11 of this Agreement. There shall be 2 classes of Units, consisting of Class A Units and Class B Units, each of which shall entitle the holders thereof to that portion of the Net Income, Net Loss, and Distributions of the Partnership which is provided for in Paragraph 11 of this Agreement, and each of which shall be entitled to vote on certain Partnership matters as provided for in Paragraph 17. Except as specifically set forth in such Paragraphs 11 and 17 of this Agreement, all Units shall in all respects have the same rights and privileges, regardless of class. Initially, the Partnership shall issue a total of 30,000 Class A Units and 70,000 Class B Units, subject to the terms and conditions of this Agreement.

3. Business and Purpose.

The primary purpose (character of the business) of the Partnership shall be to acquire the Mineral and Mining Rights, and to own, operate, maintain, improve, and sell or otherwise dispose of the same subject to the terms of this Agreement.

533 1586

4. Term.

The term of the Partnership commenced on the date first set above and shall continue until May 31, 2040, unless previously extended or terminated in accordance with the provisions of this Agreement.

5. Capital Contribution of the General Partners.

5.1 Silver Chief, as a General Partner, shall not contribute any cash to the Partnership and shall not receive any Units as General Partner but shall at all times have 3/10 of the 1 percent interest which is provided to the General Partners, pursuant to Paragraph 11 of this Agreement.

5.2 National Resources, as a General Partner, shall contribute the sum of \$5,000 to the capital of the Partnership by its non-interest bearing note in such amount, payable upon demand, and shall not receive any Units as a General Partner by reason of such contribution but shall at all times have 7/10 of the 1 percent interest which is provided to the General Partners pursuant to Paragraph 11 of this Agreement.

6. Capital Contributions of Limited Partners.

6.1 Silver Chief, as the Limited Partner holding Class A Units, and its officers, directors, agents and shareholders, shall contribute to the Partnership all their right, title and interest in and to the Mineral and Mining rights, together with their right to 30 percent of the net profit as provided for in that certain Option Agreement dated March 24, 1980 between Silver Chief and James W. and George L. Winans, and for such contribution Silver Chief shall receive 30,000 Class A Units. Such contributions shall be by deed or other irrevocable instrument of conveyance transferring all right, title and interest in and to the Mineral and Mining Rights, free and clear of any prior claims or liens of creditors and any other claims or interest of any other person or entity except as may be acceptable to James W. and George L. Winans. Such deed or instrument of conveyance shall also contain such warranties as are customary for the transfer of mineral and mining rights under Idaho law, and shall transfer insurable and marketable title to the Partnership. Silver Chief shall also grant to the Partnership the right to use adjacent land owned by it to the extent necessary or appropriate for the successful exploitation of the Mineral and Mining Rights. The Partnership shall take such measures as may be necessary or advisable to perfect and protect its title in and to the Mineral and Mining Rights under Idaho law.

6.2 James W. and George L. Winans, as the original Limited Partners holding Class B Units, shall contribute to the Partnership all their right, title and interest in and to 70 percent of the net profit of the mining operations of Silver Chief, as set forth and provided for in the Option Agreement referred to in the foregoing Paragraph 6.1 (which interest has been further assigned by James W. and George L. Winans subject, however, to their right to contribute the entire amount thereof to the Partnership pursuant to this Paragraph 6.2) and, for contribution shall each receive 35,000 Class B Units (subject to the right of their respective Assignees). The foregoing contribution is only of the right to 70 percent of the net profit and does not include any contribution or waiver of the right to repayment of the loan which is also referred to in such Option Agreement, and such loan and the promissory note representing the same shall remain in effect and payable in accordance with the terms thereof.

6.3 James W. and George L. Winans, as the Limited Partners holding Class B Units shall be responsible for contributing a maximum of \$500,000 in cash to the capital of the Partnership to be utilized to improve what is commonly known as the main Banner Mine shaft which has been recently reopened by the Partnership at the date of this Agreement, as amended, and to prepare it for future mining operations.

6.4 James W. and George L. Winans, as the Limited Partners holding Class B Units, shall also be responsible for contributing an additional maximum of \$500,000 in cash to the capital of the Partnership to be utilized to reopen the Crown Point mine shaft and to prepare it for future mining operations.

6.5 In addition to the foregoing, James W. and George L. Winans shall upon not less than 60 days written notice use their best efforts to contribute such additional amounts of cash to the capital of the Partnership as may be necessary to further exploit or utilize the Mineral and Mining Rights, but in no event shall the additional amount required pursuant to this Paragraph 6.5 exceed the sum of \$1,000,000. Additional amounts contributed pursuant to this Paragraph 6.5 shall, for purposes of Paragraph 11 of the Agreement, be deemed to have been contributed pursuant to Paragraphs 6.3 and 6.4, respectively, in proportion to the amounts of cash contributed pursuant to each such Paragraph.

7. Status of Limited Partners.

The Limited Partners, as Limited Partners, shall not be bound by or be personally liable for the expenses, liabilities or obligations of the Partnership.

8. Status of Units.

Each Unit, when issued, shall be fully paid and non-assessable, except that James K. and George L. Winans, as Limited Partners holding Class B Units, shall each use his best efforts to contribute the additional amounts required pursuant to Paragraph 6.5 of this Agreement.

9. Compensation to the General Partners and Affiliates.

No Partner (General or Limited) or Affiliates of any Partner, shall directly or indirectly receive any compensation for any services performed for the Partnership except as may be specifically agreed to by both General Partners pursuant to the terms of this Agreement.

10. Partnership Expenses.

10.1 The General Partners will, at their own expense and not at the direct or indirect expense of the Partnership, pay their own legal fees and all their own overhead expenses, including their own office rent, utilities, furnishings, office supplies and taxes related thereto, and similar costs, the salaries and other expenses of their own employees, and all other expenses which are unrelated to the business of the Partnership.

10.2 The Partnership shall pay or reimburse the General Partners for all expenses of the Partnership, subject to the provisions of Paragraph 10.1 of this Agreement, which expenses may include but are not limited to:

- (i) All costs and expenses incurred in connection with the organization and formation of the Partnership, exclusive of the General Partners' own overhead and their own legal fees incurred in connection with the negotiation and entry into this Agreement;
- (ii) All costs incurred in the utilization or exploitation of the Mineral and Mining Rights, including but not limited to all the costs of equipment and materials and the maintenance and repair thereof;
- (iii) All costs of personnel directly employed by the Partnership or who are otherwise directly involved in the business of the Partnership;

- (iv) All costs of processing, storing and marketing ore, minerals, and other products produced pursuant to the Mineral and Mining Rights;
- (v) Property, sales, and other taxes, and the costs of insurance and other expenses relating to the utilization or exploitation of the Mineral and Mining Rights;
- (vi) All costs of bookkeeping or accounting relating to the utilization or exploitation of the Mineral and Mining Rights and in providing reports and other information to the Partners; and
- (vii) All other expenses related to the business of the Partnership exclusive of the General Partners' overhead and legal fees, as set forth in Paragraph 10.1 of this Agreement.

11. Allocation of Net Income, Net Loss and Distributions.

The Net Income, Net Loss and Distributions of the Partnership shall be divided amongst, and allocated to, the Partners in the following manner and order of priority:

11.1 Distributions. The Distributions of the Partnership shall be divided among and allocated to the Partners in the following manner and order of priority:

11.1.1 First, until the Limited Partners holding Class B Units have received Distributions in an amount equal to the sum of all amounts contributed pursuant to Paragraph 6.3 of this Agreement, the Distributions of the Partnership shall be allocated and divided 1 percent to the General Partners (which amount shall be further allocated 30 percent to Silver Chief and 70 percent to National Resources) and 99 percent to the Limited Partners holding Class B Units.

11.1.2 Second, until such time as the Limited Partners have received Distributions in an amount equal to twice the amount of Silver which could have been purchased for the amount of cash contributed pursuant to Paragraph 6.4 of this Agreement (and as deemed contributed pursuant to such paragraph by Paragraph 6.5 of this Agreement), as determined by reference to the Handy and Harman silver price index as reported in the Wall Street Journal on the date written notice for such additional cash was received by James W. or George L. Winans, the Distributions of the

533 1590

Partnership shall be allocated and divided 1 percent to the General Partners (which amount shall be further allocated 30 percent to Silver Chief and 70 percent to National Resources) and 99 percent to the Limited Partners holding Class B Units; and

11.1.3 Thereafter, the Distributions of the Partnership shall be allocated and divided among the Partners as follows:

11.1.3.1 1 percent to the General Partners (which amount shall be further allocated 30 percent to Silver Chief and 70 percent to National Resources);

11.1.3.2 29.7 percent to the Limited Partners holding Class A Units; and

11.1.3.3 69.3 percent to the Limited Partners holding Class B Units.

11.2 Net Income and Net Loss. The Net Income and Net Loss of the Partnership shall be allocated to and divided among the Partners as follows:

11.2.1 General. Subject to Paragraph 11.2.2, the Net Income and Net Loss of the Partnership shall be allocated and divided among the Partners as follows:

11.2.1.1 1 percent to the General Partners (which amount shall be further allocated 30 percent to Silver Chief and 70 percent to National Resources);

11.2.1.2 29.7 percent to the Limited Partners holding Class A Units; and

11.2.1.3 69.3 percent to the Limited Partners holding Class B Units.

11.2.2 Special Allocation of Specified Deductions. Notwithstanding the foregoing Paragraph 11.2.1 of this Agreement, until such time as the Limited Partners holding Class B Units have received the Distributions provided for by Paragraph 11.1.1 and 11.1.2 of this Agreement, Specified Deductions of the Partnership shall be allocated 1 percent to the General Partners (which amount shall be further allocated 30 percent to Silver Chief and 70 percent to National Resources) and 99 percent to the Limited Partners holding Class B Units. For the purposes of this Paragraph

11.2.2, the terms "Specified Deductions" means all deductions for costs and expenses referred to in Paragraph 10.2 of this Agreement and any of the deductions allowable to the Partnership under the Code. Notwithstanding the foregoing provisions of this paragraph, insofar as it shall be finally determined that an allocation of such Specified Deductions shall be disallowed to the Limited Partners holding Class B Units, the portion disallowed shall be allocated in accordance with Section 704(b)(1) of the Code (as if Paragraph 11.2.2 of this Agreement was deleted.)

11.3 Restoration of Deficit Capital Accounts. In the event that, immediately prior to the dissolution of the Partnership, the Partners shall have a deficiency in their capital accounts as determined in accordance with generally accepted accounting principles, and if the assets available for Distribution upon the dissolution and termination of the Partnership are insufficient to allow Distributions to the holders of Units of amounts equal to the then balances in their capital accounts as determined in accordance with generally accepted accounting principles, then the Partners shall contribute in cash to the capital of the Partnership an amount equal to whichever is the lesser of (i) the deficiency in their capital accounts or (ii) the amount needed so that the Distributions may be made to the Partners in an amount equal to the then balances in their respective capital accounts.

11.4 All allocations of Net Income, Net Loss and Distributions to the Limited Partners holding Units of each class shall be in the same ratio in which the number of Units of each class which are held by them as of such date bears to the total number of Units of such class which are issued and outstanding at such time, without regard to capital accounts or the number of days on which any such person or entity was a Partner or Assignee.

11.5 Limited Partners or their Assignees shall have the right to receive any Distributions payable to them either in cash or in Silver.

11.6 The Partnership may make Distributions as cash or Silver are available, but such Distributions may be restricted or suspended for limited periods in circumstances when the General Partners determine, in their sole discretion, that such action is in the best interests of the Partnership. All Distributions are subject to payment of Partnership expenses and maintenance of a reasonable allowance for reserves, contingencies and anticipated requirements, as determined by the General Partners.

533 1592

11.7 The methods by which Distributions and allocations of Net Income and Net Loss are made and apportioned, as set forth herein, are hereby expressly consented to by each Partner as a specific condition of becoming a Partner.

12. Assignment of Units.

12.1 Limited Partners shall have the right to assign all or any portion of their Units by a written instrument of assignment, the terms of which are not in contravention of any of the provisions of this Agreement, which instrument has been duly executed by the assignor of such interest. A Limited Partner shall notify the General Partners of any assignment of a beneficial interest in the Partnership which occurs without a transfer of record ownership.

12.2 An Assignee shall be entitled to receive Distributions of cash or other property from the Partnership which are attributable to the Units acquired by him; provided, however, that anything herein to the contrary notwithstanding, the Partnership and the General Partners shall be entitled to treat the assignor thereof as the absolute owner thereof in all respects, and shall incur no liability for allocation of Net Income, Net Loss, or Distributions, or for the transmittal of reports and notices which are made in good faith to such assignor until such time as the written notice of assignment has been received by the Partnership and the effective date of assignment has passed.

12.3 Limited Partners may be restricted from selling, assigning or otherwise transferring their interests if any such sale, assignment or transfer would cause to be sold within any 12-month period 50 percent or more of the total interest in the Partnership.

12.4 Any sale, assignment, or other transfer of Limited Partnership interests other than pursuant to the terms of Paragraph 12 of this Agreement shall be void and of no further force or effect, and shall not be recognized by the Partnership.

13. Substituted Limited Partners.

13.1 No Assignee shall have the right to become a substituted Limited Partner in place of his assignor unless all of the following conditions are first satisfied:

13.1.1 A duly executed and acknowledged written instrument of assignment shall have been filed with the Partnership, which instrument shall specify the number of

Units being assigned and set forth the intention of the assignor that the Assignee succeed to the assignor's interest as a substituted Limited Partner in his place:

13.1.2 The assignor and Assignee shall have executed and acknowledged such other instruments as the General Partners may deem necessary or desirable to effect such substitution, including the written acceptance and adoption by the Assignee of the provisions of this Agreement and his execution, acknowledgment and delivery to the General Partners of a special power of attorney, the form and content of which are more fully described herein:

13.1.3 The written consent of a General Partner to such substitution shall have been obtained, the granting or denial of which shall be within the absolute discretion of each of the General Partners; and

13.1.4 A transfer fee shall have been paid to the Partnership by either the assignor or Assignee which is sufficient to cover all reasonable expenses in connection with such substitution, including any attorneys' fees incurred in connection therewith.

13.2 By executing or adopting this Agreement, each Limited Partner hereby consents to the admission of additional or substituted Limited Partners, and to any Assignee of his Units or any portion thereof becoming a substituted Limited Partner.

13.3 The General Partners shall in timely fashion cause this Agreement and any separate certificate of limited partnership filed for record to be amended to reflect the substitution of Limited Partners.

14. Books, Records, Accountings and Reports.

14.1 The Partnership's books and records, the Agreement and all amendments thereto, and any separate certificates of limited partnership shall be maintained at the principal office of the Partnership or such other place as the General Partners may determine, and shall be open to the inspection and examination of Limited Partners or their duly authorized representatives at all reasonable times.

14.2 The General Partners shall have prepared at least once annually, at Partnership expense, the unaudited financial statement of the Partnership, including a balance sheet as of the end of such year and an operating statement; provided, however, that upon the vote of the Limited Partners holding a majority of

the issued and outstanding Units of the Partnership, or if deemed appropriate by either of the General Partners, such financial statement shall be audited by an independent certified public accounting firm of nationally-recognized standing.

14.3 The General Partners, at Partnership expense, shall cause income tax returns for the Partnership to be prepared and timely filed with the appropriate authorities and, not later than 90 days after the close of the taxable year of the Partnership, shall distribute to the Limited Partners all Partnership information necessary in the preparation of their own individual federal income tax returns.

15. Certain Transactions.

15.1 Silver Chief and its officers, directors and shareholders recognize and acknowledge that some or all amount contributed pursuant to Paragraphs 6.3, 6.4, and 6.5 of this Agreement shall be received pursuant to a transaction which may be deemed to be an offering of securities under applicable federal and state security laws, and agrees to provide such information about itself, its officers, directors, shareholders and the Mineral and Mining Rights, and to undertake such other actions as may be reasonably required to assist in effectuating such transaction.

15.2 The General Partners shall devote only so much of their time to the Partnership as is deemed appropriate and in the best interests of the Partnership. Any Partner, any Affiliate thereof, or any person owning a legal or beneficial interest therein, may engage in or possess an interest in any other business or venture of every nature and description, independently or with others.

15.3 The General Partners may contract on behalf of the Partnership with other parties affiliated with themselves or with the Partnership to provide services or materials for the Partnership, such as management, executive or legal services, provided that the fees to be paid thereof and the terms and conditions thereof are not less favorable to the Partnership than those which could be reasonably obtained by the Partnership from equally qualified but unaffiliated third parties.

16. Management of the Partnership, and Rights, Powers, and Duties of the General Partners

The Partnership shall be managed pursuant to the terms and conditions of this Paragraph 16.

16.1 The General Partners shall meet on the second Tuesday of every month at the principal office of the Partnership or at such other time or place as may be mutually agreeable to the General Partners to discuss and report on the business of the Partnership and to determine future actions to be taken.

16.1.1 Except as may be specifically set forth herein, all matters affecting the business of the Partnership shall be subject to the vote of the General Partners. On all matters on which the vote of the General Partners is to be taken, Silver Chief shall have 30 votes and National Resources shall have 70 votes and, unless otherwise specified in this Agreement, a majority of votes shall be required for any such matter to pass and be effective. The vote of the General Partners need not be taken at a meeting but may be taken by telephone, by writing, or by any other convenient means. Except as specifically provided for in this Agreement, either of the General Partners, acting alone, shall have the right to require any Partnership matter to be resolved by vote of the General Partners.

16.1.2 Neither General Partner, acting alone, shall have the right to cause the Partnership to incur any obligation in excess of \$50,000 to any one creditor without the express consent of the other General Partner.

16.1.3 The amount of any reserves maintained and utilized by the Partnership for further development or improvement of the Mineral or Mining Rights shall require the consent of both General Partners.

16.2 The General Partners shall have all authority, rights and powers conferred by law upon a partner in a partnership without limited partners, and, in addition, shall have all the authority, rights, and powers required or appropriate to the management of the Partnership business, including but not limited to the right to own and convey real and personal property and the right to cause the Partnership to incur mortgage or other indebtedness.

16.3 Neither the General Partners nor any Affiliates thereof shall have the authority to:

16.3.1 Use or permit any other person to use Partnership funds or assets in any manner except for the exclusive benefit of the Partnership;

16.3.2 Alter the primary purpose of the Partnership as set forth in Paragraph 3 of this Agreement;

JAN, J.

533 1596

16.3.3 Cause the Partnership to loan the General Partners or their Affiliates Partnership assets, or to employ or permit to be employed the funds or assets of the Partnership in any manner except for the exclusive benefit of the Partnership;

16.3.4 Commingle the Partnership funds with those of any other person or entity;

16.3.5 Do any act in contravention of this Agreement;

16.3.6 Do any act which would make it impossible to carry on the ordinary business of the Partnership;

16.3.7 Confess a judgment against the Partnership;

16.3.8 Possess Partnership property or assign their rights in specific Partnership property for other than a Partnership purpose; or

16.3.9 Admit a person as a General Partner.

16.4 The General Partners shall have the right and authority to regulate in all Partnership contracts that neither the General Partners nor any officer, director, agent or employee thereof shall be personally liable thereon but that the person or entity contracting with the Partnership is to look solely to the Partnership and its assets for satisfaction.

17. Rights, Powers and Voting Rights of the Limited Partners

Limited Partners shall take no part in or interfere in any manner with with control, conduct or operation of the Partnership, and shall have no right or authority to act for or bind the Partnership.

17.1 Limited Partners shall have the right to vote only upon the following matters affecting the basic structure of the partnership.

17.1.1 The election of a successor General Partner in the place and stead of Silver Chief or National Resources; provided, however, that only Limited Partners holding Class A Units shall be entitled to vote on any successor General Partner to Silver Chief and, provided further, that only Limited Partners holding Class B Units shall be entitled to vote on any successor General Partner to National Resources, and Limited Partners holding Class A Units shall have no right to vote on any successor General

[Handwritten signature]

[Handwritten signature]

533 1597

Partner to National Resources nor shall Limited Partners holding Class B Units have any right to hold on any successor General Partner to Silver Chief.

17.1.2 The Amendment of this Agreement; provided, however, that any amendment which would affect to allocations of the Net Income, Net Loss or Distributions as set forth in Paragraph 11 of this Agreement, the management of the Partnership as provided for in Paragraph 16 of this Agreement, or the voting rights of the Limited Partners as provided for in this Paragraph 17 of this Agreement, shall require the affirmative consent of Limited Partners holding 100 percent of all Class A and Class B Units issued by the Partnership.

17.2 On all matters upon which the vote of the Limited Partners is to be taken, the affirmative vote of a majority of Limited Partners holding Units of the class specified shall be required for such matter to pass and become effective.

18. Termination and Dissolution of the Partnership.

18.1 The Partnership shall be terminated and dissolved upon the earlier to occur of the following:

18.1.1 The withdrawal, retirement, expulsion, adjudication of bankruptcy or insolvency, or the dissolution of a General Partner, unless the remaining General Partner and any General Partners elected in place of the terminating one elect to continue the business of the Partnership;

18.1.2 The expiration of the term of the Partnership;

18.1.3 The written decision of a General Partner to dissolve the Partnership; provided, however, that until such time as it has received the Distributions provided for by Paragraphs 11.1.1 and 11.1.2 of this Agreement, only National Resources shall have the unilateral right to terminate the Partnership.

18.2 Upon a termination and dissolution of the Partnership for any reason, the General Partners shall take full account of the Partnership assets and liabilities, shall liquidate the assets as promptly as is consistent with obtaining the fair value thereof, and shall apply and distribute the proceeds therefrom in the following order and priority:

JW. J.

533 1598

18.2.1 To the payment of creditors of the Partnership, but excluding secured creditors whose obligations shall be assumed or otherwise transferred on the liquidation of Partnership assets;

18.2.2 To the repayment of any outstanding loans made by the General Partners to the Partnership, if any;

18.2.3 To the General Partners and Limited Partners pursuant to the provisions of Paragraph 11 of this Agreement.

19. Special and Limited Power of Attorney.

19.1 The General Partners shall at all times during the term of the Partnership have a special and limited power of attorney as the attorneys-in-fact for each Limited Partner, with power and authority to act in the name and on the behalf of each such Limited Partner to execute, acknowledge, and swear to in the execution, acknowledgement and filing of documents, which shall include, by way of illustration but not of limitation, the following:

19.1.1 This Agreement, any separate certificates of limited partnership, as well as any amendments to the foregoing which, under the laws of the State of Idaho or the laws of any other state, are required to be filed or which the General Partners shall deem it advisable to file;

19.1.2 Any other instrument or document which may be required to be filed by the Partnership under the laws of any state or by any governmental agency or which the General Partners shall deem it advisable to file; and

19.1.3 Any instrument or document which may be required to effect the continuation of the Partnership, the admission of an additional or substituted Limited Partner, or the dissolution and termination of the Partnership (provided such continuation, admission or dissolution and termination are in accordance with the terms of this Agreement), or to reflect any reductions in amount of contributions of Partners.

19.2 The special and limited power of attorney of the General Partners:

19.2.1 Is a special power of attorney coupled with an interest, is irrevocable, shall survive the death of the granting Limited Partner, and is limited to those matters herein set forth;

19.2.2 May be exercised by the General Partners for each of the Limited Partners by the signature of one of the duly authorized officers or the General Partners acting as attorney-in-fact for all of the Limited Partners, together with a list of all Limited Partners executing such instruments by their attorney-on-fact; and

19.2.3 Shall survive as assignment by a Limited Partner of all or any portion of his Units except that, where the Assignee of the Units owned by a Limited Partner has been approved by the General Partners for admission to the Partnership as substituted Limited Partner, the special power of attorney shall survive such assignment for the sole purpose of enabling the General Partners to execute, acknowledge and file any instrument to document necessary to effect such substitution.

20. Indemnification.

20.1 The Partnership, its receiver or its trustee, shall indemnify, save harmless and pay all judgments and claims against the General Partners, their Affiliates and their officers, directors, agents, and employees, from any liability or damage incurred by reason of any act performed or omitted to be performed by them in connection with the business of the Partnership, including costs and attorneys' fees incurred by them in connection with the defense of any actions based on any such act or omission, which attorneys' fees may be paid as incurred, including all such liabilities under federal and state securities laws, (including the Securities Act of 1933) as permitted by law.

20.2 In the event of any action by a Limited Partner against a General Partner or its Affiliates, officers directors, agents or employees, including a Partnership derivative suit, the Partnership will indemnify, save harmless and pay all expenses of such General Partner or such other persons or entities, including costs and attorneys' fees incurred in the defense of said action, if and to the extent said defense is successful.

20.3 Silver Chief, its officers, directors, agents and shareholders, agree to indemnify and hold harmless the Partnership and all of the Partners from an loss which may be incurred by them as a result of prior claims or liens against the Mineral and Mining Rights, or any interest therein, and from any claim or liability which may occur as a result of prior negotiations or transactions with others concerning utilization or exploitation of the Mineral and Mining Rights, including but not limited to any claim for finder's or referral fees.

JAA, J.

20.4 Notwithstanding the provisions of Paragraph 20.1 and 20.2, neither the General Partners nor their Affiliates, nor an officer, director, agent or employee thereof, shall be relieved from any liability for fraud or other willful misconduct.

20.5 All judgments against the Partnership, the General Partners or any such other person or entity entitled to indemnification hereunder must first be satisfied from Partnership assets before the General Partners or any such other person or entity are responsible for such obligations.

21. Special Conditions.

Silver Chief hereby specifically agrees that National Resources and James W. and George L. Winans shall, for a period ending 120 days following the date of this Agreement, have the right to examine at their own expense the condition of title to the Mineral and Mining Rights and all rights and claims included thereunder and to submit this Agreement to the review of Idaho counsel of their own choosing and, in the event it is determined that there is any condition of title to the Mineral and Mining Rights which is unacceptable to them or that any provision hereof is unenforceable or inadvisable under Idaho law then, to the extent thereof, Silver Chief agrees to enter into such reasonable alternative agreements as may be acceptable to National Resources and James W. and George L. Winans and, in the event no such further agreement can be reached, to return all amounts contributed by them pursuant to Paragraph 6 of this Agreement, without interest, at which time this Agreement shall terminate and be of no further force or effect.

22. Miscellaneous.

22.1 This Agreement may be executed in several counterparts, and all so executed shall constitute one Agreement, binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the original or the same counterpart.

22.2 The terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the respective Partners.

22.3 All notices under this Agreement shall be in writing and shall be given to the Partner entitled thereto, by personal service or by mail, posted to the address maintained by the Partnership for such person or at such other address as he may specify in writing.

533 1601

22.4 This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho.

22.5 The names and address of the General Partners are as follows:

Silver Chief Mining Co., Inc.
836 La Cassia Drive
Boise, Idaho 83705

National Resources Corporation
6211 W. Northwest Highway
Dallas, Texas 75225

22.6 The names and addresses of the original Limited Partners are as follows:

James W. Winans
c/o National Resources Corporation
6211 W. Northwest Highway
Dallas, Texas 75225

George L. Winans
c/o National Resources Corporation
6211 Northwest Highway
Dallas, Texas 75225

IN WITNESS WHEREOF, the undersigned have set their hands on the date first set forth above.

GENERAL PARTNERS:

SILVER CHIEF MINING CO., INC.
an Idaho corporation

NATIONAL RESOURCES CORPORATION
a Texas corporation

By James W. Winans

By James W. Winans

By _____

By George L. Winans

533 1602

LIMITED PARTNERS HOLDING
CLASS A UNITS:

SILVER CHIEF MINING CO., INC.
an Idaho corporation

By James H. Hamby, Jr.

By _____

LIMITED PARTNERS HOLDING
CLASS B UNITS:

James W. Winans
James W. Winans

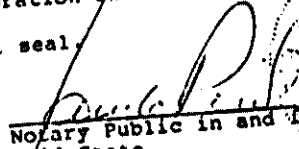
George L. Winans
George L. Winans

533 1603

STATE OF)
COUNTY OF) ss.

On JUNE 26, 1980, before me, the undersigned, a Notary Public in and for said State, personally appeared JAMES H. HAWLEY, known to me to be the President of Silver Chief Mining Co., Inc., an Idaho corporation, a General Partner and Limited Partner of BANNER MINING COMPANY, an Idaho limited partnership, the corporation that executed the within instrument, on behalf of said partnership therein named, and acknowledged to me that such corporation executed the same.

WITNESS my hand and official seal.


Notary Public in and for
Said State

STATE OF)
COUNTY OF) ss.

On _____, 1980, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, known to me to be the _____ of Silver Chief Mining Co., Inc., an Idaho corporation, a General Partner and a Limited Partner of BANNER MINING COMPANY, an Idaho limited partnership, the corporation that executed the within instrument, on behalf of said partnership therein named, and acknowledged to me that such corporation executed the same.

WITNESS my hand and official seal.

Notary Public in and for
Said State

533 1604

STATE OF Idaho)
COUNTY OF Blaine) ss.

On June 26, 1900, before me, the undersigned, a Notary Public in and for said State, personally appeared James W. Wynn known to me to be the V.P. of National Resources Corporation, a Texas corporation, a General Partner and Limited Partner of BANNER MINING COMPANY, an Idaho limited partnership, the corporation that executed the within instrument, on behalf of said partnership therein named, and acknowledged to me that such corporation executed the same.

WITNESS my hand and official seal.

James W. Wynn
Notary Public in and for
Said State



STATE OF Massachusetts)
COUNTY OF Worcester) ss.

On July 1, 1900, before me, the undersigned, a Notary Public in and for said State, personally appeared James W. Wynn known to me to be the V.P. of National Resources Corporation, a Texas corporation, a General Partner and Limited Partner of BANNER MINING COMPANY, an Idaho limited partnership, the corporation that executed the within instrument, on behalf of said partnership therein named, and acknowledged to me that such corporation executed the same.

WITNESS my hand and official seal.

Ralph J. Cavanaugh
Notary Public in and for
Said State

Ralph J. Cavanaugh
My Commission Expires March 14, 1906



533 1605

STATE OF *MASS*)
COUNTY OF *Worcester*) ss.

On *June 26*, 1980, before me, the undersigned, a Notary Public in and for said State, personally appeared James W. Winans, known to me to be the person who executed the within instrument and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

[Signature]
Notary Public in and for
Said State



STATE OF *Massachusetts*)
COUNTY OF *Worcester*) ss.

On *July 2*, 1980, before me, the undersigned, a Notary Public in and for said State, personally appeared George L. Winans, known to me to be the person who executed the within instrument and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

Notary Public in and for
Said State

[Signature]

My Commission Expires March 14, 1986



533 1606

EXHIBIT A
TO
FIRST AMENDED AGREEMENT AND CERTIFICATE
OF LIMITED PARTNERSHIP
OF
BANNER MINING COMPANY

The Mineral and Mining Rights as defined in Paragraph 2.1.4 of the Agreement and Certificate of Limited Partnership of Banner Mining Company include but are not limited to the following:

- | | | |
|---|--|---------|
| 1 | 160 Acres patented (private property) claims @ \$1,500 per/A. estimated value 1978, based on current market price of undeveloped land within the Boise National Forest | 240,000 |
| 2 | 10 Acres patented (private property) Millsite claims, value estimated same as above | 30,000 |

Legal Descriptions as recorded in the Boise County Recorder's Office, State of Idaho

Banner Lode Mining Claim, described in the Patent thereof in Book 16 of Deeds at page 573 thereof

Silver Chief Mining Claim, described in the Patent thereof in Book 19 of Deeds at page 355 thereof

State of Idaho Mining Claim, described in the Patent thereof in Book 5 of Deeds at page 419 thereof

Wolverine Mining Claim, described in the Patent thereof in Book 16 of Deeds at page 559 thereof

Panamint Mining Claim, described in the Patent thereof in Book 5 of Deeds at page 420 thereof

Crown Point Mining Claim, described in the Patent thereof in Book 16 of Deeds at page 565 thereof

Ritchie Mining Claim, described in the Patent thereof in Book 5 of Deeds at page 390 thereof

BMC:062380

JAN 5/78

J. H. H. J.

533 1637

Kloppenburg Mining Claim, described in the Patent thereof in Book 9 of Deeds at page 387 thereof

Crown Point Millsite, associated to the Crown Point Lode and designated as Lot 39B (Survey of Aug. 13, 1884)

Banner Millsite, associated to the Banner Lode and designated as Lot 37B (Survey #2530, Aug. 17, 1934)

List of located mining claims on file in the Boise County, Idaho Recorder's Office and the United States Bureau of Land Management as of 10/22/79. Legal description of starred (*) items unavailable at time of listing

<u>Number</u>	<u>Item</u>
1	Pronto, described in Book 32 of Locations at page 321
2	Crown Point #2, described in Book 33 of Locations, page 13A
3	Wolverine #2, described in Book 23 of Locations, page 183
4	Wolverine #3, described in Book 35 of Locations, page 1
5	Dump, described in Book 23 of Locations, page 186
6	Bowman, described in Book 31 of Locations, page 477
7	Elsie, described in Book 34 of Locations, page 97
8	Castrook, described in Book 31 of Locations, page 474
9	Panmint Extension, described in Book 31 of Locations, page 475
10	Silver Chief #2, described in Book 32 of Locations, page 325
11	Silver Chief #3, described in Book 32 of Locations, page 329

BMC:062330

JW

J.H.H.

533 1608

<u>Number</u>	<u>Item</u>
12	Silver Chief #5, described in Book 32 of Locations, page 329
13	Richard, described in Book 31 of Locations, page 476
14	Merry, described in Book 32 of Locations, page 322
15	Banner #2, described in Book 32 of Locations, page 324
16	Hill Top, described in Book 32 of Locations, page 326
17	Washoe, described in Book 32 of Locations, page 327
19*	Black Warrior, desc. as N of South Warrior, W of Star of the West
19	South Warrior, described in Book 32 of Locations, page 332
20	South Star #1, desc. in Book 32 of Locations, page 330
21*	Star of the West, desc. as N of South Star, E of Black Warrior
22	South Star, described in Book 32 of Locations, page 334
23	South Star #2, described in Book 32 of Locations, page 331
24	Union, described in Book 32 of Locations, page 323

STATE OF IDAHO COUNTY OF ADA, ss.

Figure 1. σ_{ex} and ρ^* vs. ρ curves of[illegible]

BYC:062393

Q. A. S. S.

CERTIFICATE OF ASSUMED OR FICTITIOUS NAME

STATE OF IDAHO)
 : ss
 County of Ada)

This certifies that there is being carried on, conducted, or transacted or is about to be conducted or transacted in Boise, Ada County, Idaho, the business of processing, storing and marketing ore, minerals, and other products, under the designation, name and style of "BANNER MINING COMPANY", which is an assumed and fictitious name, being other than the true and real name of the corporations conducting or transacting such business or having an interest therein;

That the true and real name of the corporations conducting or transacting or intending to conduct or transact said business or having an interest and their post office addresses are as follows:

SILVER CHIEF MINING COMPANY, INC.	NATIONAL RESOURCES CORPORATION
Idaho Building	6211 West Northwest Highway
216 North 8th St., Suite 330	Dallas, Tx 75225
Boise, Id 83702	

That this certificate is executed and acknowledged by the corporations so named and that no other persons are conducting or transacting such business or has an interest therein.

DATED This 12th day of June, 1980.

SILVER CHIEF MINING CO., INC.

By James H. Hawley, Jr.
 James H. Hawley, Jr.
 President

NATIONAL RESOURCES CORPORATION

By James H. Hawley, Jr.
 James H. Hawley, Jr.
 Attorney in Fact for
 National Resources Corporation

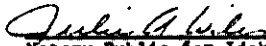
CERTIFICATE OF ASSUMED OR FICTITIOUS
 NAME, P. 1

REID AND MORFITT
 ATTORNEYS AT LAW
 BOISE, IDAHO

1980 108


On this 12th day of June, 1980, before me, the undersigned,
a Notary Public, in and for said State, personally appeared, JAMES H.
HAWLEY, JR., known to me to be the president of Silver Chief Mining
Company, Inc., an Idaho corporation, the corporation that executed the
within instrument and acknowledged to me that said corporation executed
the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my
official seal, the day and year in this certificate first above written.


Notary Public for Idaho
Residing at Boise, Idaho

On this 12th day of June, 1980, before me, the undersigned, a
Notary Public, in and for said State, personally appeared JAMES H. HAWLEY,
JR., known to me to be the attorney in fact for National Resources Corporation
and acknowledged to me that he executed the within instrument on behalf
of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my
official seal, the day and year in this certificate first above written.


Notary Public for Idaho
Residing at Boise, Idaho

CERTIFICATE OF ASSURED OR
FICTITIOUS NAME, P 2 and Final

REID AND MORFITT
ATTORNEYS AT LAW
BOISE, IDAHO